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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- ☐ Affects PG&E Corporation  
☐ Affects Pacific Gas and Electric Company  
☒ Affects both Debtors

*\* All papers shall be filed in the Lead Case, No.  
19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' FIFTY-THIRD  
OMNIBUS OBJECTION TO CLAIMS (NO  
LIABILITY SUBCONTRACTOR CLAIMS)**

**Response Deadline:**  
**January 26, 2021, 4:00 p.m. (PT)**

**Hearing Information If Timely Response  
Made:**

Date: February 9, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)  
United States Bankruptcy Court  
Courtroom 17, 16th Floor  
San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**  
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**  
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as  
5 debtors and reorganized debtors (collectively, the “**Debtors**,” or as reorganized pursuant to the Plan (as  
6 defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11**  
7 **Cases**”) hereby submit this Fifty-Third Omnibus Objection (the “**Objection**”) to the Proofs of Claim (as  
8 defined below) identified in the column headed “Claims To Be Expunged” on **Exhibit 1** annexed hereto.

## 9 **I. JURISDICTION**

10 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*  
11 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and  
12 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern  
13 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28  
14 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The  
15 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the  
16 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**  
17 **Rules**”).

## 18 **II. BACKGROUND**

19 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary  
20 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the  
21 Debtors continued to operate their businesses and manage their properties as debtors in possession  
22 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed  
23 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural  
24 purposes only pursuant to Bankruptcy Rule 1015(b).

25 Additional information regarding the circumstances leading to the commencement of the Chapter  
26 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the  
27 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket  
28 No. 263].

On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire Claimants to December 31, 2019 [Docket No. 4672]<sup>1</sup>; and subsequently with respect to certain claimants that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be further modified, amended or supplemented from time to time, and together with any exhibits or scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective Date**”). See Dkt. No. 8252.

### III. RELIEF REQUESTED

The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code, Bankruptcy Rule 3007, Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”), seeking entry of an order disallowing and expunging Proofs of Claim for which the Reorganized Debtors are not directly liable (the “**No Liability Subcontractor Claims**”). The No Liability Subcontractor

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<sup>1</sup> The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 Claims all relate to Proofs of Claim asserted against the Debtors for amounts incurred by subcontractors  
2 indirectly retained by the Debtors. After reviewing their books and records and the information  
3 submitted with the Proofs of Claim, the Reorganized Debtors have determined that each of the No  
4 Liability Subcontractor Claims is attributable to the relevant general contractor on each project. The  
5 Reorganized Debtors determined this either from the face of the Proof of Claim listing the general  
6 contractor or by follow-up correspondence with the Claimant. In all cases, the Reorganized Debtors  
7 took the additional step of confirming that if the general contractor had filed a Claim, it had already been  
8 satisfied, such that any payment on account of the No Liability Subcontractor Claims would be  
9 duplicative. The Reorganized Debtors thus do not have any direct liability for the No Liability  
10 Subcontractor Claims. The No Liability Subcontractor Claims are identified on **Exhibit 1**, in the  
11 columns headed "Claim To Be Disallowed and Expunged." The Reorganized Debtors request that the  
12 No Liability Subcontractor Claims be disallowed and expunged.

#### 13 **IV. ARGUMENT**

##### 14 **A. The No Liability Subcontractor Claims Should be Disallowed and** 15 **Expunged**

16 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit  
17 the Reorganized Debtors to file objections to more than one claim if "[t]he claims seek recovery of  
18 amounts for which the Debtors are not liable." Omnibus Objections Procedures Order, ¶2(C)(iii). The  
19 Reorganized Debtors and their professionals have reviewed each of the No Liability Subcontractor  
20 Claims identified on **Exhibit 1** and have determined that each such Claim does not represent a direct  
21 right to payment because the general contractor on each relevant project bears the direct liability, and  
22 any Claim(s) filed by that general contractor has been satisfied. If not disallowed and expunged, the No  
23 Liability Subcontractor Claims potentially could allow the applicable Claimants to receive recoveries to  
24 which they are not entitled. Each of the Claimants is listed alphabetically, and the claim number and  
25 amount are identified in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with  
26 the Omnibus Objections Procedures Order, the Reorganized Debtors have sent individualized notices to  
27 the holders of each of the No Liability Subcontractor Claims.  
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1           **B.       The Claimants Bear the Burden of Proof**

2           A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.  
3 § 502(a).<sup>2</sup> Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim  
4 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under  
5 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to  
6 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”  
7 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*  
8 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the  
9 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*  
10 *(In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*  
11 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.  
12 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting  
13 King, *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039  
14 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*  
15 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

16           As set forth above, the Reorganized Debtors submit that the No Liability Subcontractor Claims  
17 do not represent a direct right to payment and, therefore, should be disallowed and expunged. If any  
18 Claimant believes that a No Liability Subcontractor Claim is valid or otherwise represents a current right  
19 to payment, it must present affirmative evidence demonstrating the validity of that Claim.

20           **V.       RESERVATION OF RIGHTS**

21           The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of  
22 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this  
23 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs  
24 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,

25 \_\_\_\_\_  
26 <sup>2</sup> On November 17, 2020, the Court entered the *Order Extending Deadline for the Reorganized Debtors*  
27 *to Object to Claims* [Docket No. 9563], which extended the deadline under Section 7.1 of the Plan for  
28 the Reorganized Debtors to bring objections to Claims through and including June 26, 2021 (except for  
claims of the United States which deadline was extended to March 31, 2021), without prejudice to the  
right of the Reorganized Debtors seek further extensions thereof.

1 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to  
2 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the  
3 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized  
4 Debtors reserve the right to object to the No Liability Subcontractor Claims on any other grounds that  
5 the Reorganized Debtors may discover or deem appropriate.

6 **VI. NOTICE**

7 Notice of this Objection will be provided to (i) holders of the No Liability Subcontractor Claims;  
8 (ii) the Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi,  
9 Esq.); (iii) counsel to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel  
10 and parties receiving electronic notice through the Court's electronic case filing system; and (vi) those  
11 persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to  
12 Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice is required.  
13 No previous request for the relief sought herein has been made by the Reorganized Debtors to this or  
14 any other Court.

15 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the  
16 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the  
17 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other  
18 and further relief as the Court may deem just and appropriate.

19 Dated: December 23, 2020

**KELLER BENVENUTTI KIM LLP**

20 By: /s/ Dara L. Silveira  
21 Dara L. Silveira

22 *Attorneys for Debtors and Reorganized Debtors*  
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